

## NCSL 2018

### Privatization in Child Welfare

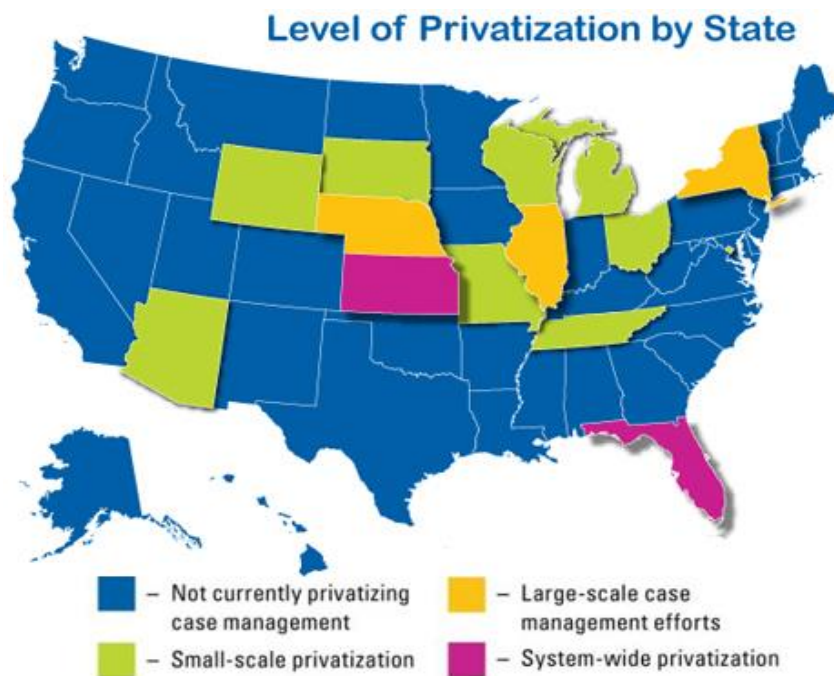
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#### National Overview

[2012 Child Welfare Privatization: A Guide for Advocates \(SPARC\):](#)

Briefly describes state privatization efforts, with a focus on performance-based contracting.

2011 Alliance for Children and Families (map): [Level of Privatization by State](#)



*Source: Alliance for Children and Families*

Level of Privatization	Definition	Number of States	Percent of States
Not currently privatizing case management	State public agency worker retains case management function.	32	71%
Small scale privatization of case management services	Providing case management services for a subset of children in a limited geographic location. (AZ, CO, MI, MO, OH, SD, TN, WI)	8	18%
Large scale case management efforts	Large scale privatization of case management services. (DC, IL, NY)	3	7%
System wide privatization	Statewide privatization of all case management services. (KS, FL)	2	4%

*Source: Adapted from the National Quality Improvement Center on Child Welfare Privatization, University of Kentucky. Needs Assessment and Knowledge Gap Analysis Findings. Adapted by Casey Family Programs in "An Analysis of the Florida and Kansas Privatization Initiatives."*

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## Texas

### Texas 2017 Session Reform of Child Welfare.

- a. Texas SB11 – 2017: <https://legiscan.com/TX/text/SB11/id/1625464> - community based care – seems a bit similar to Florida’s current child welfare privatization system, with some protections and more oversight - SB 11 will:
  - i. Create standardized policies for child abuse and neglect investigations.
  - ii. Require the state to collect and monitor repeated reports of abuse or neglect involving the same child or by the same alleged perpetrator.
  - iii. Cover the costs of day care services for foster children.
  - iv. Ensure that the state child welfare agency collects data and creates a plan to address foster home shortages in regions where privatized foster care hasn’t occurred.

- v. Create pilot programs in two geographical areas for the privatization of family-based safety services, which help families who have been investigated for abuse.
- b. HB 5 makes the Department of Family and Protective Services its own agency instead of being housed within Texas Health and Human Services Commission.
- c. HB 7 addresses the court proceedings that affect foster children and their biological parents.
- d. HB 4 increases payments to people who foster children who are their family members.

## Kansas and Florida

2010 Casey Family Programs: [An Analysis of the Kansas and Florida Privatization Initiatives](#):

2010 [Michigan Federation for Families Analysis, and executive summary](#), of statewide privatization efforts in Kansas and Florida:

[\(Casey Executive Summary\)](#) Lessons Learned:

- **Use of a phased-in transition with a clear and articulate plan is key.** The experiences of those involved in the Kansas and Florida implementation plans suggest that there needs to be a clear, well-articulated plan in place for the transition of services from the public to private agencies. There also needs to be adequate time allotted to allow the providers to build capacity of staff and resources.
  - Those interviewed reported that Kansas implemented their initiative very rapidly, which resulted in confusion around roles and responsibilities, and a shortage of services during the initial transition.
  - On the other hand, Florida took a phased-in approach to implementation and utilized a readiness assessment tool so that service and financial assumptions could be assessed before statewide implementation. This approach resulted in a smoother transition.
- **Development of a strong public-private partnership.** A strong public-private partnership was found to be essential to the successful privatization of child welfare agencies.
- **Engage all stakeholders.** Based on the interviews of those involved in the Kansas and Florida initiatives, a broad-based planning process with the active engagement of all relevant stakeholders is recommended. Kansas efforts found that without initial buy-in and involvement, courts, foster families, schools, and other human service providers were concerned that the private providers would not be able to deliver adequate services. Well into the Kansas implementation, lead agencies had to conduct aggressive public relations campaigns to acquire the trust of the community, adding yet another stressor to the private providers.
- **Don't expect cost savings.** Although many states assume that privatization leads to cost savings, this was not the case in Kansas or in Florida. In fact, both states increased their funding upon implementation, more than doubling their child welfare budgets in the first

ten years. The majority of states have increased their expenditures over the past decade even if they have not privatized, but not to the same degree as Kansas and Florida. There was consensus among those interviewed that public agencies should not expect to save money initially through privatization, given the startup costs of developing, implementing and monitoring such an initiative, as well as providing a full array of services to children and families with expectations of higher quality. However, it was also reported that costs leveled off eventually and additional resources were reinvested in other services such as prevention.

- **Commitment to change is essential**
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## Florida

Mandated by legislation to privatize entire child welfare system – foster care and adoption

- Implemented through phased in pilot programs over 5 years
  - 20 lead agencies operating across 22 geographically defined areas
  - Lead agencies responsible for all case management functions and decisions
  - 3-5 year service contract with 9-12 month start-up contract that includes readiness assessment
  - Performance measures are tied to contract renewal
  - Each lead agency is given a predetermined percentage of the state’s annual operating child welfare budget
  - Reduced numbers in foster care from 30,000 to 20,000
  - Highest adoption rates – more than 3,000 in 2014
  - Unclear that improvements were directly linked to privatization
  - 2014 Casey Family Programs report re: child deaths
  - 2014/2015 major child welfare reform legislation focusing on safety
  - 2015 Child Welfare Institute Report
    - Major overhaul
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## Kansas

- In 1996 and 1997, Kansas Department of Social and Rehabilitative Services (SRS) [privatized family preservation, adoption, and foster care](#) services due to concerns about the quality of care for children in care, and a Children’s Rights Project class action lawsuit that was filed in 1989.
- Additionally, performance audits conducted by the Legislative Division of Post Audit (LPA) in 1990 and 1991 identified serious weaknesses in the State’s foster care system. A 1998 audit referred to children “languishing in foster care for extended periods, being shuffled from one home to another, not getting the services they needed, and continuing to be abused or neglected.” The report noted SRS failed to:
  - assess the needs of children and families;
  - provide the services ordered or recommended;

- house children in the types of facilities recommended; place children close to their families;
  - provide courts with the information needed to decide whether to return children to their families;
  - timely pay foster parents or providers
  - SRS was unable to achieve compliance with many of the settlement requirements for handling cases, and in early 1996, SRS officials informed the Legislature they were moving toward privatization of adoption and foster care services in order to improve the quality of services and provide them in a more efficient, cost-effective manner.
  - The state moved to a privatized, performance-based contracting system. The state was split into five regions, with one provider selected for each.
  - The state opted for a lead agency model for separate child welfare service components - case management, family preservation services, adoption, foster care, and group home services. Currently, six lead agencies have contracts covering five regions in Kansas.
  - Kansas included performance measurements in their contracts to set clear standards tied to specific outcomes.
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## **Georgia**

- 2014 legislation to implement 3-year privatization pilot program failed
  - 2014 Child Welfare reform Council:
    - Final 2015 report did not include privatization
    - focused on child safety
    - effective child abuse registry
    - caseworker “panic button” in dangerous situations;
    - added performance and pay incentives to retain workers
    - Senator Renee Unterman introduced (SB3) - allows parent to give one year temporary custody to another person without court order. The temporary custody agreements would be managed by nonprofits specializing in crisis intervention without involvement of DFCS.
  - 2014 Senate Bill 350
    - Required DFCS to model Georgia’s child welfare system after Florida’s
    - Contracted out adoption, case management, family reunification and foster care to improve outcomes for children in the child welfare system
    - Contingent upon Georgia successfully applying for a Title IV-E foster care waiver, which loosens up restrictions on how states can spend federal dollars on child welfare programs (unsuccessful)
    - 2-year phase in period
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## **Illinois**

- Performance-based contracting model
- Private providers perform most of child work since early 1990s
- Standalone, cabinet-level department reports directly to the governor.

- State-mandated Child Welfare Advisory Committee consists of public officials and private agencies for decision-making and accountability.
- Child welfare agency had overall authority for the approximately 80 percent of DCF adoption and foster care cases managed in the private sector until 1995.
- Lawsuit and consent decree - DCF turned full case management authority over to private providers
- State also shifted from a per diem foster care rate to a case rate, which was based on a caseload of 25 cases to every one caseworker. Today the state bases its case rate on a 15 to one caseload.
- Performance-based contracting in adoption and foster care expanded to other child welfare services.

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## Michigan

### Kent County child welfare privatization model

- Streamlined services relying on 5 private, nonprofits
- State pays the complete cost of the daily rate to foster care providers
- County dollars redirected to front-end prevention services with the goal of reducing foster care population
- Performance outcomes closely monitored
- Report to house and senate appropriations
  - Costs or savings
  - Gaps in funding
  - Program successes
  - Challenges and barriers to successful implementation
- One-hundred percent of Kent County foster care services continue to be provided by contracted private agency foster care providers.
- An average of 119 more cases are supervised by contracted private agency foster care providers at a cost of \$40.00 per day. This additional cost equates to an increased expenditure of approximately \$1,737,400 (gross) from the state foster care line appropriation.
- State child welfare staff previously assigned to manage those cases were transferred to neighboring counties or moved into other positions. The State of Michigan reduced costs from the salary, wage and supplies appropriation line by approximately \$916,300 (gross).
- No additional funding appropriated to the foster care payments line item to cover the additional costs resulting from Kent County privatization, however the appropriation has been subsequently adjusted through the annual budget process and no shortfall is currently projected.
- All foster care, unlicensed foster homes and licensed foster family homes continue to be managed by private child welfare agencies.
- Contract language continues to provide administrative daily rates for all cases managed by a private agency to allow for a single case manager regardless of placement setting.
- Child placing network (comprised of MDHHS and private agencies in Kent County) continues to assign placement and case management based upon the best interest of the child.
- MDHHS continues to provide oversight and monitoring of financial, authorization and care-level activities private agency foster care.
- Court continues oversight

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## Missouri

2005: Missouri privatized foster care management

- Implemented performance-based contracting
  - Lead agencies receive a flat monthly case rate based on an average caseload; subcontract with other providers
  - Performance goals tied to financial incentives
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## Nebraska

**2011 LR37 [Recommendations Report to the Legislature:](#)**

**2011 LR37 [Recommendations Report to the Legislature](#) (11 page overview):**

**2012 [Next Steps for Child Welfare Reform in Nebraska:](#)**

Provides an overview of Nebraska's unsuccessful venture into privatization; reports that:

"the evidence does not justify returning all child welfare case management back to state provision which is also suffering from similar negative outcomes for children. Rather than institute yet another reorganization plan, the legislature should give DHHS an opportunity to present and implement their operational plan and to respond to how they would approach rectifying each of the recommendations identified by the Health and Human Services Committee that has an action item associated with it and does not specifically call for dismantling DHHS or the lead agencies. Then the legislature should move ahead with a child welfare reform committee that includes all three branches of government and the various stakeholders including DHHS and the lead contractors to work on child welfare reform together in a collaborative fashion. This would not change the legislature's oversight role or involvement but would make the existing infrastructure within DHHS and the lead agencies the starting point."

**[Child Welfare Reform has come far, but not far enough](#), June 2016:**

Lead agency model

- Implemented without clear benchmarks for performance
- Agencies withdrew from effort
- Poor performance
- Lawsuit
- \$30 million over budget
- \$22 million repaid to federal government
- Returned case management to the State
  
- Created the Nebraska Department of Children's Services
  
- Created the children's commission to oversee child welfare
- Created the position of Inspector General of Nebraska child welfare
- Continued to review child welfare reform
- Increased financial monitoring
- Established contract requirements; did not reinstate lead agency model
- Required data standards

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## Tennessee

### [Building Performance Systems in Child Welfare Lessons from Performance-based Contracting, Performance Management, and the Emergence of Social Impact Bonds](#), 2016

Provides an overview of Tennessee's performance based contracts system. Describes performance-based contracts as:

- Contracts establish financial incentives for providers to achieve faster placement of children in permanent homes and they appear to have produced results. A 2011 study of performance-based contracting in three states found that they were associated with improved permanency-related outcomes for children.

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## Texas

### 2008 [Texas Center for Public Priorities - Overview of situation in Texas](#)

- 2005: Senate Bill 6 mandated privatization of case management and all state foster care and adoption services by 2011.
- 2007: Senate Bill 758 dropped privatization of all foster care and adoption services; allowed a pilot program due to concerns:
  - Failed privatization in other areas of state government
  - Concern that privatization done too rapidly
  - Costs of privatization
- 2013: Foster care system redesign
  - New system of procuring and paying providers who deliver services to children in Texas foster care.
  - Will utilize a Single Source Continuum Contractor (SSCC) to deliver a full range of locally available, least restrictive, and culturally sensitive foster and residential care services.
  - Goal is to improve the safety, permanency, and well-being and to increase positive outcomes for the children and their families.
  - Two types of Foster Care Redesign rates: four blended foster care rates and a single exceptional foster care rate ceiling
- 2014: Public Consulting Group recommends additional funding to improve capacity of lead providers in order for redesign to succeed
- 2015 Texas House and Human Services Committee recommends:
  - reforms be stopped
  - called for additional research to determine effectiveness of child welfare privatization efforts to date
  - pause privatization efforts in 247 other counties